

The Indian National Interest Review

Pragati

December 2012

www.nationalinterest.in

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Published by the Takshashila Institution, an independent think tank on India's strategic affairs.

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For direct democracy?

There is no substitute for holding the institutions of democracy accountable to high moral and performance standards

B Emery



For the first time in many decades, citizens from democracies around the world are simultaneously dealing with fundamental issues—jobs and poverty in the US, Britain and the European Union, economic malaise and natural disaster in Japan, poor access to opportunity and excessive graft in India, South Africa and Brazil and a myriad other countries. Citizens are frustrated with the state of affairs and their elected representatives and are showing their anger through protests (Wall Street, London, Greece, La Paz and New Delhi to name just a few).

A confused state prevails in democracies around the world. One common strain running through the protests and confusion is a desire for citizens to get

directly involved in policymaking.

There is a feeling among the people of many democracies that “direct democracy” would bring less pain and better results.

The Oxford English Dictionary defines democracy as “a system of government by the whole population, usually through elected representatives”. The pure form of direct democracy means citizens decide for themselves directly without having to go through representatives. The most common instruments of direct democracy are the referendum, initiative and recall.

Referendum is the people’s power to approve or reject legislation. Initiative is the power to decide on policy initiated by someone other than the legislature.

Recall is the power to vote an elected official out of office. Participative democracy usually involves some measures of direct democracy within the context of an electoral democracy.

Is it time for India to adopt a measure of direct democracy?

Provisions for direct democracy exist in a few countries around the world. Switzerland at the federal and regional (cantonal) levels and several states in the US enjoy the greatest degree of direct participation. Switzerland, for example, enjoys a rather wide right to recall at the federal and cantonal levels. Some states in the US allow initiatives on both constitutional and legislative matters. The most famous of these, Proposition 13 of 1978 in California, set a maximum rate for ad valorem taxes on real property. Many countries enjoy a limited privilege. In Britain, which has an unwritten constitution, referendums have been held very rarely. The most recent of these held in May was the “UK alternative vote system”, which was rejected by 68 percent of those who voted (42 percent of registered voters).

The words ‘referendum’, ‘initiative’ and ‘recall’ do not appear in the Indian Constitution. No alternative to electoral democracy was anticipated in the framing of our Constitution. The 73rd and 74th amendments to the Constitution, allow a limited form of participative direct democracy through the gram sabhas, or bodies of registered villagers. In recent times, Anna Hazare and his team have triggered a great interest on this topic in India. Is it time

for India to adopt a measure of direct democracy?

There are two categories of objections to the widespread acceptance of direct democracy. The philosophical critique is primarily that direct democracy is not capable of dealing with complex issues, particularly when combined with inter-issue prioritisation. The practical objection is that the people do not have the time or inclination to participate on a continual basis in running the government and that the cost of involving the population on multiple issues is very high. At the same time, a number of profound thinkers have supported direct democracy in some form. Coming from very different backgrounds and perspectives, Mahatma Gandhi, Jean-Jacques Rousseau, Jayaprakash Narayan and Theodore Roosevelt have all made passionate arguments in favour of a more participative form of democracy. Roosevelt said in his famous Charter on Democracy delivered to the Ohio Constitutional Convention in 1912: “I believe in the initiative and the referendum, which should be used not to destroy representative government, but to correct it whenever it becomes misrepresentative.”

iPhone, iPod, iPad, why not iGovernment?

I believe that the time has indeed come for India to adopt constitutional provisions for some measure of participative democracy at the urban local government, state and Union levels. This privilege should be limited to two instruments—the referendum and the recall. With the advent of electronic voting, the Internet and social media (despite the lack of widespread availability in India), the cost of

administering such instruments is declining. As a practical matter, legislation can be framed around the constitutional provision to restrict use to the “rarest of rare” issues, and primarily those involving Roosevelt’s sentiment of representative government becoming non-representative. In my view, the initiative as a privilege should not be granted to citizens. Most issues of modern society are too complex and nuanced for a loose coalition of laymen to draft a comprehensive piece of legislation that will stand the test of time

and circumstance.

Alas, even a measure of participative democracy is no panacea. Ultimately, there is no substitute for holding the institutions of democracy accountable to high moral and performance standards. There is no single magic bullet for that.

PS: Gandhi talked of a utopian Ramraj, which is a non-violent, purely democratic, stateless society. He himself realised that it was not achievable.

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Retail therapy for India

FDI in Indian retail will benefit India, and the world.

Denna Jones



How will Big Box retailers like Walmart affect India? Some have expressed concern that “retail therapy” will put a small army of independent retailers out of business; however, the relocation and reorganisation that happens as a result of a Big Box revolution in India will work to the benefit of Indians.

We generally think of productivity advances coming in the “making stuff” industries like manufacturing. In the United States, productivity growth has,

in recent decades, come from the service sector. Retailers – Walmart in particular – have been at the forefront of the recent American productivity growth. Because of the efficiencies they bring to the market, firms like Walmart have given Americans a dizzying selection of quality goods at prices. Indeed, this has been the most distinct effect of Big Box retailers on the American economy. Prices fall when Walmart enters a market. Using US data, the economists

Emek Basker and Michael Noel showed that entry by Walmart super-centres led to lower food prices with the largest price reductions coming from stores that serve low-income shoppers.

The economists Jerry Hausman and Ephraim Leibtag have published separate studies documenting the enormous increases in well being available to American consumers, particularly low-income American consumers, because of the Big Box revolution. In part because of Big Boxes' effects on grocery prices, the economist (and Obama advisor) Jason Furman has called Walmart a "progressive success story."

Inventory control and reduced waste are also significant problems in retail. The economist David Matsa showed that stores responding to Walmart entry reduced the frequency with which they went out of stock on different goods. This in turn improved efficiencies; helped shoppers by saving time and reduced the risk they faced of a store running out of a given item.

Naturally, there are concerns about the meaning of Walmart's presence in India for incumbent retailers. In the short run, there will be some dislocation. However, the resources saved because of the Big Box revolution will be redeployed elsewhere. Creative destruction in competitive markets tends to leave us better off, on net, and a 2008 study by the economists Russell Sobel and Andrea Dean showed that, at the state level in the US, the number of small businesses remained effectively unchanged as Walmart's presence grew within a state. Firms that compete directly with Walmart may not survive, but the Big Box revolution (and its

associated savings) will create new opportunities for entrepreneurs.

In an article titled "The perils of retail therapy in India" published in *Mint*, Professor Himanshu of Jawaharlal Nehru University discussed employment in India's retail sector, but his discussion seemed to proceed as if inefficiency were a virtue. We agree wholeheartedly that the byzantine regulations "and archaic laws that govern [India's] markets for agricultural products" help explain low Indian productivity; however, this is one of very few cases where there is a "both/and" solution. A market economy is a dynamic system, and allowing FDI in retail will be a boon for India.

Policymakers shouldn't look at retail sector liberalisation and liberalisation of restrictions on retail FDI as substitutes. Rather, they should be seen as complements. By removing barriers to entry by international firms like Walmart and Target and by unshackling Indian entrepreneurs, policymakers can unleash pent-up entrepreneurial energies that will work to the benefit everyone, not just Indians.

Curiously, Himanshu wrote about the share of retail prices that go to farmers. In the United States, this fell from 41 percent in the 1950s to 18.5 percent in 2006. As Thomas Sowell has written, however, people live on real income rather than percentages. A supply chain like what we enjoy in the United States might mean that farmers get a smaller percentage of each dollar spent on food, but there will be more dollars spent on food. The food supply chain has gotten longer as people have increased their demand for processed food. As agricultural economist William G Tomek points out "A wheat grower consistently

obtains a relatively small percent of the dollars spent on bread, and apple growers obtain a larger share than wheat producers of the consumers' dollar. But this doesn't mean that Kansas wheat farmers are worse-off than New York State apple growers".

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Consider frozen French fries, for example. Potato farmers might get a smaller share of consumers' food spending, but the existence of the frozen French fry industry has not made potato farmers worse off. Indeed, the development of processing and storing technology has made frozen French fries possible; in turn, it has increased demand for potatoes and reduced the

share of the American potato crop that spoils. Reductions in food spoilage in India will not solve everything, but it will be a definite step in the right direction for a country where chronic hunger is a major problem.

It is true that there will be some dislocation as India's retail market is opened up to foreign firms like Walmart and Target. This is always true when trade expands or when technology changes. However, this doesn't mean that the long run effects are negative. To borrow from the US case again, hardly anyone in the United States works in agriculture currently because of expanded trade and technological change. Did they all starve to death because all the jobs in agriculture went away? No: they went to work in expanding sectors like manufacturing across the twentieth century. Way back in 1942 Joseph Schumpeter noted: "The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers, goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates". And this capitalist engine brought unprecedented wealth to the western world, it promises to do the same for India.

ROHIT PRADHAN

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A class awakens

The ground is ready for greater political involvement of the Indian middle class.

Ramesh Lalwani



In their compelling new book “Why Nations Fail: The Origins of Power, Prosperity, and Poverty”, Daren Acemoglu and James Robinson make two principal arguments. First, sustained economic growth is only possible under the conditions of inclusive economic and political institutions. Second, politics without understanding the political organisation of a country, it is impossible to address its developmental challenges.

It has often been said that the Indian middle class has “seceded from the republic”. Its disdain for India’s leaders and its Machiavellian politics is well known. A more sympathetic argument would be that because “India grows at

night”, the middle class views the State more as a nuisance than as a springboard for its ambitions. Responding to the inadequacies of the Indian state, the middle class has attempted to construct an alternate republic where public goods – from water to security- are privately procured and exist independent of the state. But as Gurcharan Das argues in “India Grows at Night”, this process is inherently inefficient and has obvious limits.

The estrangement of the middle class from the political process has had an insidious impact on the Indian republic. Political parties tend to ignore the middle class’ direct interests fueling a vicious cycle of further disengagement.

More importantly, in any advanced society, it is the middle class that functions as the conscience of the state because the rich are often too entrenched in the system while the poor are too busy with their daily struggles. The emaciated state of the middle class for the longest period in modern Indian history has thus damaged the republic.

Coming as it does in the wake of the Anna Hazare movement, the protests in some of India's largest cities against the brutal gang-rape-cum murder in New Delhi suggest a growing engagement in public affairs. The middle class is beginning to realise that while it may secure its homes, it still requires a functional state to ensure public security. The recent protests underline that India needs a strong liberal state — an entity, which to use from Gurcharan Das's words, does fewer things but does them well.

Two critical questions remain. First, how to expand this movement to reflect larger issues of governance affecting all Indians and not just the middle class. Had the Delhi gangrape taken place in a remote part of the country (where such incidents are unfortunately only too common) it is doubtful if it would have led to candlelight vigils at India Gate. Indeed, the many sexist utterances of state level politicians reflects their bewilderment that the “dented and painted” women (and men) are so easily able to dominate the national headlines. This isn't necessarily an “India versus Bharat” battle as many commentators have recently argued. After all, Bharat suffers even more acutely from lack of basic governance and poor delivery of public goods. The confluence of interests of India and Bharat is essential if any middle-class

movement is to be sustained in the long-term.

This reconciliation is unlikely to happen in the cultural sphere in the foreseeable future. Large parts of India remain culturally conservative and superficially, there may be little common between South Delhi and Patna. The same dynamic, however, may not be true in the matters of economics and public policy. For instance, Bharat largely ignored the Anna Hazare movement restricting it to a primarily urban movement. It simply did not understand how the institution of Lokpal — even if managed effectively — would address its concerns. Linking the issue of corruption to the inability of the Indian state to deliver basic public goods — from good rural schools to easily accessible land records — would perhaps have been more effective in mobilising the larger Indian public opinion.

The estrangement of the middle class from the political process has had an insidious impact on the Indian republic.

Second, how should the middle class engage in politics? Many commentators have correctly pointed out that adopting unconstitutional means can lead to what Dr BR Ambedkar evocatively described as the “grammar of anarchy”. A country with a weak rule of law carries the additional risk of violence and demands of retributive justice. However, the argument that democracy must always eschew agitational politics is inherently

elitist in nature. It reduces citizens to the status of mere voters who after exercising their right to franchise should leave governance to the tiny elite capable of crafting sophisticated policies. The anger on Delhi streets may often be inchoate but it reflects the deeply felt frustrations of the common Indians with the political process. While it may not be the ideal form of political expression, it is definitely preferable to a complete disengagement.

Indubitably, as the Anna Hazare movement discovered, street protests without a binding set of political and policy beliefs, achieve little and the energies ultimately fritter away. Nevertheless, a more sympathetic attitude towards street politics among India's political and policy elites may

help redirect its energies towards more meaningful and long term reforms. At the same time, it may help establish a ground for greater involvement, where politics is not viewed as a dirty business unworthy of middle class aspirations.

The actual strength of the Indian middle class is a matter of vigorous debate. Nevertheless, it is clear that the middle class will play an increasingly important role in India's social and political conversations. Its vigorous engagement in the political process is necessary for the emergence of more inclusive political and economic institutions. The events of the last year suggest that this process has begun and this can only be welcome news for the republic and indeed for the Indian growth story.

RAVIKIRAN S RAO

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Look down, not up

A system of upward accountability is unable to answer the demands for downward accountability.

blog100days



At first glance, there is little to compare between the infamous political incident that occurred in Montana at the turn of the 20th century, when William A Clark bribed state legislators to win a seat at the United States Senate, and the infamous murder trial of Commander Kawas Nanavati in 1959. The similarity is that both incidents led to systemic changes, the former in the United States, the latter in India. Mr Clark's act of corruption contributed to the passage of the 17th amendment to the United States Constitution, which mandated direct popular elections to the Senate.

Commander Nanavati's acquittal by a jury sympathetic to his position as a cuckold led to the abolition of jury trials in India.

In other words, when faced with an instance of dysfunction in the system, the United States made changes that strengthened downward accountability. India, on the other hand, moved accountability upwards, from the jurors to the judges.

The idea of a contrast between upward and downward accountability was introduced by Pratap Bhanu Mehta [at](#)

the keynote address to the Takshashila GCPP workshop, where he observed that the Indian establishment was unused to the idea of downward accountability and more comfortable with upward accountability. He indicated that the Jan Lok Pal movement being a grassroots movement, was a demand for downward accountability, while the Indian establishment is more used to a system where a superior holds a subordinate to account.

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both structurally and*

This is an intriguing idea. Democracy, by definition, requires that the people have the ability to hold their government accountable. But democracies may differ in three ways. First, in the extent to which popular sovereignty is constrained by the constitution. Second, in how much of a role the citizens have in lawmaking, policymaking, execution of policies and administration of justice. Some democracies give their citizens voice, but leave it up to the rulers to formulate laws and policies. Third, in the extent of centralisation of powers.

It can be made clear, using multiple examples, that India is an Upward Accountability Nation, both structurally and by instinct. Its Parliament has limited role in law-making. Its functions seem confined to making the people's

voice heard, and acting as a sort of electoral college to choose the government, which then proceeds to make laws as it sees fit. The structure of government, while federal in form, is centralised to a much larger extent than would seem to make sense in a country of this size.

It has given to itself the longest constitution in the world, and the constitution is of this length because the document specifies in great detail what would, in other countries, be handled via ordinary laws. While this curious feature of the constitution has meant that the document has had to be amended all too frequently, the Supreme Court has found that some aspects of the constitution cannot be amended at all. It has also ruled that all loudspeakers be shut off all over the country at 10PM, thereby elevating what ought to be a municipal regulation into a constitutional guarantee. Local self-government itself barely exists in the country.

This article started off comparing 17th amendment to the American constitution with abolition of jury trials in India. Arguably, a better comparison is with India's Anti-defection amendment. Faced with widespread corruption among its legislators, India's system responded by taking away legislators' powers to vote on legislation as they think fit. Once again, the instinct to enforce accountability from above rather than to rely on people punishing faithless legislators asserted itself.

Where did India's systemic accountability problem come from? The initial conditions established by the British certainly played a part. Jay Panda, Member of Parliament from Odisha, has documented [how](#)

Parliament still functions under the British Raj era rules that were designed to limit its powers vis-a-vis the executive. The strange model of local self- government, where executive power resides with bureaucrats appointed by state- governments, has its origins in the system established by the British- it is instructive to note that cities with more powerful municipal corporations were the ones with a larger concentration of the British.

But there is only so much we can blame the British for. Dr Ambedkar's distrust of village societies and Mr Nehru's dreams of central planning must surely account for the continuation of the system the British established.

And what of the middle-class distrust of 'politics' and the fear of the great mass of illiterate people making bad choices at the polls? That must surely account in some part for the surfeit of rules, the over-reliance on civil servants in preference to elected officials, and when all else fails, on the Supreme Court.

And that brings us to the paradox of the great middle-class upheaval that India has experienced over the last few years. The movement is certainly an example of citizens demanding downward accountability from an establishment unused to it, but the demands of this citizenry indicate a continuing distrust

of the political process and a continuing preference for rules imposed from above, bypassing the political system.

This needs to change. In a functioning democracy, peaceful protests and demonstrations have their place. They serve to organise other like-minded people into a cohesive unit and put the rulers on notice that if their demands are not acceded to, the group will vote them out at the next elections. The protests cannot be a substitute for voting.

Unfortunately, in India, because of the weakness of institutional mechanisms of enforcing accountability, it has come to pass that most people believe that direct action through protests is the only way to bend state action in their favour. This is sub-optimal.

Organising, protesting, and forming pressure groups is a vital first step. Voting is not the last step, but it is certainly the essential second step, without which the first step is pointless. We cannot run "Justice for Jessica" campaigns every time a Jessica is shot or gather at India Gate every time a woman is raped. What we need is a mechanism to ensure that good laws are made and those charged with enforcing them are held accountable if they are not implemented well. And to ensure accountability, there is no substitute for politics.

AMIT DESHPANDE

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Misuse of women-centric laws

Section 498a of the Indian Penal Code must be made bailable, non-cognisable and compoundable

The last few months in India have been heartening for the supporters of democracy, as people have shown active participation for social issues, with opposition to the draconian Section 66A of Information Technology Act, 2000 and protests after the Delhi assault case. These protests were different from those earlier because now, the general polity, which had previously refrained from delving into legal matters, was explicitly discussing the intricacies of laws governing us.

The general discourse during these protests has been about the draconian and unconstitutional nature of Section 66A and about the possibility of misuse if stricter laws for punishing rape are made. While the nation roots for better laws to check out on crime against women, one should not imbalance the laws neglecting the possibility of a strict law being misused. There were fleeting references in both incidents mentioned – particularly in case of creating draconian rape laws – to one existing law infamous for being draconian and

the most abused law in India – Section 498a of the Indian Penal Code, also known as the “anti-dowry harassment” law.

Section 498a is described as a law against,

Husband or relative of husband of a woman subjecting her to cruelty– Whoever, being the husband or the relative of the husband of a woman, subjects such woman to cruelty shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine.

Further it explains ‘cruelty’, already a vague term, to consider even casual actions by the husband’s family as harassment for dowry. The woman’s complaint is considered enough to make arrests. Thus petty marital discords also land up as dowry harassment cases, as threat of an arrest gives more bargaining power to a woman facing dissolution of marriage. This law was inserted in the Indian Penal Code through the Criminal Law (Amendment) Bill, 1983. It was passed in the 1980s, amidst heightened

emotions, very similar to the present atmosphere demanding for strict laws against rape. At present this is one of the strictest domestic violence laws in India and it has made news more for its misuse than anything else.

Section 498a is:

(i) Non-bailable: A police officer cannot grant bail to an accused and it allows only a First Class Magistrate to grant bail.

(ii) Cognisable: A police officer can investigate without the order of a magistrate and make an arrest without warrant.

(iii) Non-compoundable: The complaint cannot be compounded by withdrawing the case, instead it has to be quashed by the High Court

There has been condemnation for the nature of this law from lawmakers through the Law Commission reports, report of Commission of Petitions and many other official reports. There has been sustained opposition to this law, from men's rights groups, some women's rights groups, children's rights groups, senior citizens groups and even human rights groups. The SC has termed rampant misuse of this law as "legal terrorism" and has made such extreme observations repeatedly in several of its judgments. The question then is, why has this law- which antagonises many and has an abysmal rate of conviction – not been scrapped yet? The answer is, because it serves the interests of the "bail industry" and some specific women's organisations, which are in favour of it, irrespective of its irrationality.

Generally, in a situation of a marital discord, the woman approaches a lawyer, who can use Section 498a as an

extortion tool against the husband if he (the husband) does not accept the demands of a specific settlement. This is misused by the woman, based on her impulsive vengeance in situations which are not genuine – one where there is no harassment or demand for dowry by the husband or his family. Consider the case of Badan Devi in Orissa who at the age of 92 years and frail enough to barely stand had to face arrest under dowry harassment law or the case of 2-month old Zoya from Mumbai who had the ignominy of applying for an anticipatory bail after being accused of dowry harassment even before learning to crawl. Such arrests are not rare cases.

It was passed in the 1980s, amidst heightened emotions, very similar to the present atmosphere demanding for strict laws against rape.

This makes Sec 498a an unconstitutional law, which presumes someone to be guilty until proven innocent, thereby reversing the criminal jurisprudence guaranteed by the constitution. In 2010 alone, a total of 1,80,413 people were arrested in 94,041 cases of Sec 498a, according to the data released by the Ministry of Home Affairs. Many women and children are also arrested, with known instances where the police personnel have gangraped the women arrested for dowry harassment and men have



committed suicide because of the humiliation meted out to them. The suicide rate among married men has increased significantly post 1983, with more than 170 married men committing suicide each day in India in 2011. (NCRB data assumes and projects men commit suicide due to economic reasons and women due to family problems. Cause of suicide should not be generalised with the huge number of suicide cases we see in India.) Anticipatory and regular bails are a small part of the bigger scheme, in which husbands and their relatives are exploited by different sections of the system.

There have been demands to make this law bailable, non-cognisable and compoundable. If it were made bailable, it would be a huge step forward in reducing its misuse. A few states like Andhra Pradesh have also moved to make this law compoundable. But it has only seen a drastic increase in the number of cases being filed, as women can now withdraw a case at a time of their choice. Criminal trials usually run on an average of 7-8 years in the lower courts and this period saps out the energy from men to fight and prove themselves as innocents, thereby giving in to unreasonable demands.

Sec 498a is also accompanied by other non-bailable sections like Sec 406, where the recoveries of “non-existent articles of dowry” are forced upon husband and his family. Despite draconian laws on dowry, the issue still prevails and this clearly portrays that we have been trying to solve the wrong problem. A real solution should be pivoted around the deeper understanding of the practice of dowry. While demanding or

accepting dowry is a crime under Dowry Prohibition Act, giving dowry is also a crime. Yet, no woman or her relatives have ever been arrested for it. Dowry givers are usually dowry takers, so if we as a society are serious about tackling this issue as a crime, then we should begin with strict implementation of the law in totality. An example of this can be seen in the case of Nisha Sharma, who was interviewed by [Oprah Winfrey in January 2004](#) and was described as the “Iron Lady”, for getting her would-be groom arrested on the eve of her wedding for demands of dowry. At present, she herself is absconding after [being accused by her sister-in-law for dowry harassment](#). Gyaneshwar Sharma, her brother has been arrested while her parents and she herself have been evading arrest from the past week.

Surprisingly, we see a lot of opposition to Sec 66A of IT Act, while Sec 498a is completely ignored, making victims of 498a and activists fighting it feel like invisible citizens. Probably, it is the widespread misandry in the society which makes one overlook the plight of men. While there is outrage over the crimes against women, crimes against men are not adequately addressed. The opposition to section 66A also received attention only after two women were arrested, while two male employees of Air India who spent 12 days in custody months before, were relegated to a sub-text in the ambit of the public discourse on this subject.

Until we see all crimes as crimes, irrespective of the gender of a victim, we will be fooling ourselves to think we are making our nation safer for anyone.

SUSHANT K SINGH

Sushant K Singh is the Editor of Pragati.

The Republic's day

Strengthening the republic will automatically safeguard our independence and deepen our democracy.

Anne White



Beyond the dancers, tableaux and marching soldiers on the Raj Path, what does the Republic Day mean to us? Most of us think of Republic Day and Independence Day in the same vein. Even the clichés used on the two national holidays are interchangeable. But the two days are different and the difference begins with the choice of two dates.

As per the Indian Independence Act of the British Parliament, the original date for India's independence was June 3rd 1948. The selection of August 15th 1947, once all parties had agreed to advance India's independence, was an act of

vanity by Lord Mountbatten because it was the second anniversary of Japan's surrender in the Second World War. In his radio broadcast to America on August 8th 1947, Mountbatten drove home the double meaning of "August 15 – V. J. Day – not only as the celebration of a victory, but also as the fulfillment of a pledge." Mountbatten claimed, as per his biographer, that the date came to him as by inspiration, with only connection being that it was the anniversary of his appointment as the Supreme Commander. The advancing of date to August 1947 was nevertheless a prudent decision, best summed up in Chakravarti Rajagopalachari's words to

Mountbatten: “If you had not transferred power when you did, there would have been no power to transfer.”

Despite having the longest written constitution in the world, most Indians think of their country as a democracy, and not as a democratic republic;

Evidently, August 15th 1947 was a date personally significant to Mountbatten but not a date of our choosing. When India adopted its Constitution 894 days later, the chosen date held a special significance for those who had participated in the freedom struggle. After the presidential speech by Jawaharlal Nehru in the Lahore session of the Congress at midnight of December 31st 1929 – January 1st 1930, the tricolour flag was unfurled. Those present there took a pledge – and asked the country — to celebrate Poorna Swaraj (complete Independence) Day every year on January 26th. That is why after the drafting committee presented the Constitution’s first draft to the national assembly on November 4th 1949, January 26th 1950 was chosen as the Republic Day.

The adoption of pre-1947 Independence Day as sovereign India’s Republic Day blurred the distinction between the Independence Day and the Republic Day. The early rhetoric — that though the British left in August 1947, India had

achieved its true independence only on January 26th 1950 — further aided the conflation. In any case, for those Indians who had lived under the British rule, gaining independence from the British was the most defining moment of India’s nationhood. The same emotional exhilaration was not possible on the day India became a Republic. The public connected more with the Independence Day. And the Republic Day came to be seen as an extension of the Independence Day.

This was also reflected in the “moving pageant” celebrations of the Republic Day. As per scholar Jyotindra Jain, “To counter the assertive demand for redrawing the map of India on ethnic or linguistic divides Nehru raised the slogan of “unity in diversity”, which became the driving force behind the conceptualisation of the cultural tableaux.” The Republic Day parade aimed to incarnate a newly independent India’s self-image, its hopes, strengths and aspirations, with the marching ranks of soldiers asserting a new nation’s self-sufficiency and martial might.

Whether the same considerations apply today, 65 years after independence and 63 years after India became a Republic, is a question that must be debated vigorously. Independence Day, on a date not chosen by us, is about celebrating the legacy bequeathed by those who fought for our freedom. Republic Day, on a date we ourselves chose, ought to be the more solemn occasion — a day of promises to make and pledges to keep. If Independence Day is about remembrances and retrospection, Republic Day has to be about preserving and improving the Indian Republic.

While conflating Republic Day with Independence Day has put generations off the task of strengthening the Republic, our justifiable pride in our vibrant democracy has had the unintended consequence of disregarding the Republic. Despite a largely poor and illiterate population in 1947, India adopted universal adult franchise well before most western countries. India's success as a democracy, which stands out in contrast to all other countries that gained independence from colonial rule in the twentieth century, is indeed worth cherishing. But this emphasis on democracy has come at the cost of de-emphasising the republic.

The main difference between a republic and a democracy is the constitution that limits power in a republic, often to protect the individual's rights against the desires of the majority. In a pure democracy, the majority rules in all cases, regardless of any consequences for individuals or for those who are not in the majority on an issue. Despite having the longest written constitution in the world, most Indians think of their country as a democracy, and not as a democratic republic; even though the preamble to the constitution mentions

the "sovereign, democratic republic of India".

When people come on to the streets, whether against corruption or violence against women, they are asking for greater respect for individual rights, stronger institutions, better governance and a rule of law – all that a republic stands for. Because democracy is the convenient catch-all phrase used by us, people's anger is directed against democracy, and the politicians who are democracy's most visible symbols. They might be railing against democracy but what they actually want is a more robust republic.

India's democracy, however flawed, is now deeply entrenched in the country. While there is always scope for improving our democracy, it is the republic which needs to be restored. India's independence is also not in danger today; it is the republic that is being threatened every single day. If we can strengthen the republic, we will automatically safeguard our independence and deepen our democracy. Let us, each one of us, make the Republic Day about what it ought to be — about rediscovering and rebuilding our republic.

GULZAR NATARAJAN

Gulzar Natarajan is a civil servant. The views are personal.

The psychology of poverty

There are behavioural constraints that prevent the poor from acting rationally

Mauro Cateb



The standard analysis of poverty, its causes and possible solutions, have focused on its economic, political, and social dimensions. However, the persistence of poverty despite countless examples of well-designed social and economic policies across the world naturally prompts questions about a rethink. Moreover, evidence from recent research in behavioral psychology adds credence to this view.

Conventional wisdom has it that poverty is a symptom of economic and human capability deprivation, both feeding into each other. Further, this is exacerbated by exploitative social

institutions and pervasive governance failures. It is argued that all these create dynamics that constrain even the most well conceived welfare and anti-poverty programs.

Governments across the world have traditionally sought to provide access to basic health and education, civic infrastructure, and assist with opportunities to improve incomes. More enlightened governments have also tried to mitigate social institutional failures. In recent years, there has been increased attention on governance failures and ways to address them.

A feature of all these interventions is that they have been aimed at the ecosystem – social, economic, and political – that is believed to both cause and perpetuate poverty. We assumed that the human being, who is the target of these initiatives, would automatically respond to the incentives created and work his way out of poverty. But there is now a growing body of evidence that this simplified story is misleading and overlooks important behavioral failures that constrain individuals from making full use of government interventions.

Why do people fail to immunise their children, indulge in protected sex or drink chlorinated drinking water, even when they could have done so?

Why do people neglect preventive care even when they know that it could help avoid financially ruinous health outcomes? Why do people prefer unproductive and less remunerative livelihoods even when they have access to better opportunities? Why do people fritter away their scarce finances on wasteful consumption and leisure and not save for their children's education or on health insurance? Why do people not channel the marginal increases in their incomes to substitute consumption towards more nutritious food items? Why do people fail to immunise their children, indulge in protected sex or drink chlorinated drinking water, even when they could have done so?

A group of behavioural psychologists have over the past decade or so conducted extensive field experiments to explore why people behave in a manner that would appear to be so irrational. Their findings highlight several cognitive biases that influence human decision-making and drive such irrational behavior. One of the most common biases is the tendency to value immediate rewards over larger but delayed rewards. Similarly, people are more averse to losses than motivated to similarly sized gains. Procrastination in decision making – by postponing an expenditure or avoiding a hard decision – is another common behavioural trait.

More fascinatingly, research in neuro-economics show that people struggle to effectively exercise their will-power on a continuous basis. They show that exerting willpower in one area limits our ability to exert it in other areas subsequently in the immediate future. Wasteful expenditures by succumbing to purchases of temptation goods (alcohol and cigarette for eg.) or procrastination and laziness in important tasks or other bad behaviours can be explained by such self-control problems.

Decisions involving trade-offs too require a similar exercise of will power. It also depletes self-control and thereby adversely affects our ability to muster will power for future decisions. In simple terms, people make irrational and often impulsive choices and decisions when their mental energy gets depleted.

Poor people, more than others, are constantly forced to make decisions that involve self-control and trade-offs among competing, equally critical, and mostly basic needs. And they are constrained by extreme scarcity of basic

resources – knowledge, money, time, energy and so on. Economists Sendhil Mullainathan and Eldar Shafir metaphorically describe this as a “packing problem”. Poor people struggle to ‘pack’ all their competing needs into their smaller-sized ‘suitcase’ for each resource.

Psychologist Martin Seligman has propounded the concept of “learned helplessness”, whereby people become socially conditioned to behave helplessly in the face of perceived absence of control over their lives. Furthermore, this persists even when opportunities to improve their condition becomes available.

Philosopher Charles Karelis has compared the lives of poor people to that of a person imprisoned inside a glass cage with hundreds of bees continuously stinging him. Resigned to his fate, he would have little incentive to put in any effort to fight them or pay someone to get a few bees out. He becomes responsive to incentives when his condition improves and he is left with having to fend off a manageable number of bees. Accordingly, as the bee population falls, he becomes more likely to put efforts to fend them off or pay someone to remove the bees. Karelis hits the nail on its head when he says, “Poverty is less a matter of having few

goods than having lots of problems.”

These human failings are commonplace in all our lives, but rarely as costly as for the poor. Imagine waking up one day without electricity and having to carry buckets of water up three floors; getting breakfast and lunch ready and packing off two kids to school when the maid servant does not turn up; having to walk half a mile to take the crowded public transport because the vehicle has a flat tyre; or reaching late for an important meeting and being snubbed by your boss. Each one of these is a potential cause for stress and ego depletion and its lingering effects invariably cascade over to all other tasks for the day. Now imagine if all of these were to happen together and on a daily basis. It would require immense fortitude to withstand them and cheerfully go about our work.

All these point to very challenging behavioural constraints that prevent people, especially the poor, from acting rationally. It is therefore no surprise that they often appear to give up early and make limited effort to utilise opportunities to improve their condition or more readily succumb to their temptations. We need to therefore explicitly account for these behavioral features in any policy that seeks to address poverty.

SUNIL S

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Cloning the adversary

The Indian Air Force needs a dedicated aggressor squadron.

Jaskirat Singh Bawa



The last decade has seen remarkable shifts in the scenario confronting the Indian Air Force (IAF). There is significant improvement in the prowess of the Pakistani and the Chinese air forces. Not only are these forces fielding increasingly advanced airplanes; they are also attempting a number of data fusion schemes which can act as force multipliers in any combat environment. These air forces are now able to operate at night and from bases at high altitudes. If the IAF is to keep abreast of this evolving threat environment, it must seek out a way to simulate the performance of adversary platforms and for training purposes mimic the opposing force.

The modern airplane comprises a number of complex flight controls, weapons control and information

management systems. The exact details of the system integration are critical in ensuring the effectiveness of the airplane in any combat environment. The information management system on each airplane interacts with a much larger information network and keeps the pilot updated on all relevant developments. Today we have a situation where an AWACS airplane can detect a threat several hundred miles away, relay the information to an interceptor that has the appropriate long range weapon and organise an interception in a matter of seconds. Understanding the interaction between this global information system and the enemy fighters' local information system is critical to understanding how the enemy behaves in a confrontation.

A growing area of intense research and development is flight control. After early demonstrations by the Americans in the 1980s, it is very clear that using computers to execute flight control algorithms allows for an expanded flight envelope. Merely knowing an aeroplane's shape and engine parameters is no longer sufficient to discern the flight envelope. As long-range weapons are increasingly common, the modern dogfight is quite different from its ancestors. The pilot has a limited time window in which to lock onto a target and launch a weapon at it. After the weapon is launched, the pilot has to be ready to launch an evasive maneuver in case his attack fails and the enemy launches a counterattack. It is here that the performance of the flight control system becomes crucial, as most of these evasive manoeuvres have to be performed at high speed. The specifics of the performance of the flight control systems of any aeroplane are therefore usually a closely guarded secret. Understanding the flight envelope is key to grasping how the enemy will react to a failed attack.

A modern air combat scenario requires that the weapons control system perform to perfection. In the past, there were reliability issues with these systems, particularly with long-range weapons. There were many slips between the radar and the missile and a lot of work on avionics has focused on reducing these problems. It is not possible to simply read the brochure about a weapon and determine how it will perform under combat conditions.

Stealth technology represents another area of growing work in the aviation community. It is now possible to make aeroplanes with significantly reduced

radar cross-section. These airplanes can evade detection from an air defence network. Used in combination with long range air-to-ground weapons and cyber warfare, these stealth aircraft can be used to completely compromise a nation's air defence system.

After early demonstrations by the Americans in the 1980s, it is very clear that using computers to execute flight control algorithms allows for an expanded flight envelope.

A great deal of work has been done in TACDE and the IAF has conducted a number of exercises with friendly nations. If these efforts were reinforced by the creation of a dedicated aggressor squadron, then rapid progress towards understanding the enemy can be made. An aggressor squadron could comprise two IAI-Lavi, two Su-27SK, two Mirage Vs, two modified LCAs or Ching Kuo-1 and two smaller jets to simulate low RCS platforms. Additionally, at least one AWACS, one IL-78 Midas refueling airplane and one of the DRDO AEW/CS planes should be available for attachment to this unit as needed.

Ideally this aggressor unit should be manned by highly qualified pilots from the IAF's flight instructor ranks and it should devote all its time to matching the exact performance of adversary's

platforms. In addition to simulating the enemy pilots airplane performance, the aggressor pilots should endeavor to replicate the mindset of the adversary — capturing key aspects of their motivation and mental biases. It would be advisable for this unit to be led by an Air Vice Marshal with appropriate intelligence experience. Any ancillary personnel from the intelligence community with expertise in enemy psychology should be made to report directly to the head of this unit.

The unit should also have people with specific backgrounds (NAL/ CABS/ LRDE/ DEAL) and if need be, replicate the necessary facilities to enable rapid scientific consultancy. It may be that a number of questions about the systems integration of adversary platforms can be answered by ‘cloning’ experiments where a replica of the enemy platform

or sub-system is built for test and evaluation purposes. Alternatively, it may be possible to evaluate the aerodynamic performance or radar signature of an adversary system by creating a computer model of it and testing it in silico.

It would also be desirable for this unit to interact with the air forces of other nations (such as Taiwan, Israel, Vietnam, Afghanistan and Oman), which share similar concerns and build a large pool of knowledge that everyone can draw upon. This unit would emerge as a natural clearinghouse for information relating to adversary capabilities.

While the creation of such a unit would undoubtedly require a great deal of funds, effort and time, the benefits are too significant to ignore.

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Where knowledge is free?

Declassification and the controversy over the use of Airpower in the 1962 India-China war.

Restricted Data



The fiftieth anniversary of the 1962 India-China war has been marked by a number of commentaries, personal recollections and analyses in the Indian media. The one that attracted most attention was Air Chief Marshal NAK Browne's [counterfactual argument](#) that the outcome of the war might have been different if airpower was used in an offensive role. This remark set off a media storm and reopened an important though inconclusive debate—why was the Indian Air Force not used for close air support? The controversy over the

Air Chief's comments, fed by selected leaks about the 1962 war, reveal insights about the Indian military and its polity. Among the takeaway is the fact that a vibrant, supposedly open democracy like India still does not have the ability to honestly face up to its past. Instead it relies on a selective telling of history through media scoops and self-convenient narratives.

The decision not to use the Indian Air Force for offensive operations has been debated by historians for some time. Many, especially within the military

community, have argued that this was a political decision made by Prime Minister Nehru and Defence Minister Krishna Menon and hence indicated flawed strategy. This fed well into the dominant narrative that emerged from this debacle—the defeat was primarily due to political interference and operational meddling. [Former Indian Air Chief Marshal Tipnis subsequent remarks](#) on Nehru's responsibility for the 1962 defeat are typical of this school of thought. While Nehru and especially Krishna Menon bear considerable responsibility, however this narrative overlooks the significant failures of certain military commanders.

Intriguingly most accounts within the Indian Air Force focus less on the role of its commanders and more on extraneous factors—political reluctance to escalate the conflict, advice of the US Ambassador John Galbraith, army's opposition to close air support and fears of Chinese aerial bombardment of Indian cities. There is then a marked reluctance to discuss IAF planning, training and preparations for close air support. This reluctance makes sense when we consider that the Air Staff, much like the Army Staff, Ministry of Defence and the political leadership, was equally culpable and found wanting.

Immediately after the war Lord Mountbatten, then the British Chief of Defence Staff, at the request of Prime Minister Nehru visited India to take stock of the situation. His delegation included Air Vice Marshal P.G. Wykeham, the Director of their Joint Warfare Staff. He wrote a "Secret UK-eyes only" report that is currently available at the British National Archives and deserves extended

citation: "I was briefed by the full Air Staff, on two separate occasions and the contrast with the Army was very marked. The Air Staff were full of contradictory excuses, both for the chaotic condition of the Indian Air Force order of battle and for the lack of fighting support for the Army. Air Marshal Engineer, the CAS (Chief of Air Staff), made a very bad impression on me... The leadership at the top is bad, and the CAS is uninspiring and semi-defeatist. The Air Staff has no conception of large-scale force planning, and they seem to receive no help from senior civil servants."

*The paradox is simple
—why is a loud and
rambunctious
democracy like India
super-secretive about
historical documents
especially when they
pertain to the military?*

While this is just one assessment, however it is supported by other accounts of the Air Force leadership during this period. Then Air Marshal Arjan Singh admitted in an interview with the late K. Subrahmanyam that they "lacked experience". Air Marshal Engineer himself took over command after a stint at Hindustan Aeronautics Limited (HAL) and did not inspire much confidence from his command, peers and even political leaders. To be sure the fault was not entirely due to the Air Force leadership as there is enough

evidence that other actors—political leaders, civilian bureaucrats and senior army officers displayed an amateurish approach to the higher conduct of war. Among other faults, senior army officers did not take the Air Force into confidence, there was no “joint planning for operations” and the Chiefs of Staff Committee was virtually dysfunctional. [Sadly some of these themes were revisited during the 1999 Kargil war.](#)

Ordinarily countries, like people, should be able to accept, learn and move on from past traumas. This however appears impossible in India. The paradox is simple—why is a loud and rambunctious democracy like India super-secretive about historical documents especially when they pertain to the military? As is well known the Indian Ministry of Defence and the three services—the Army, Navy and the Air Force do not adhere to declassification procedures. On the face of it this might appear to be a minor issue—the military does not release historical documents for scholarly study, so what? There are at least three major consequences that follow. First, the absence of primary documents means that the field of strategic studies is unable to develop. As a result civilians are not in a position to intellectually prepare and engage with the military. This adversely [shapes the quality of civilian control as indicated by the recent crises](#) in civil-military relations in India. Second, in the absence of a culture of research, military bureaucracies are unable to self-analyze and adopt corrective measures. As a result even the latest attempt at defense reforms in India—[via the Naresh Chandra Committee](#) is devoid of history. Finally in the absence of declassification [the strategic community in India](#)

[engages in opinion-based instead of factual based analysis.](#) It is not uncommon therefore to hear complaints about the lack of strategic culture in India.

Leaving aside the issue of declassification, a tired cliché now the media discourse following Air Chief Marshal Browne’s comments revealed an immature strategic discourse and polity. The media in a rather simplistic manner portrayed his remarks as an indirect criticism of Prime Minister Nehru. Defence Minister AK Anthony was aware of this line of thinking and refused to engage with the debate by dismissing away any “hypothetical questions.” The Congress party was not so polite however and its spokesperson Praveen Davar pronounced the Chief of Air Staff’s views “as incorrect.” Strangely within days of the initial controversy [the Indian Express broke a story](#) citing top secrets documents (the cover letter for the still-secret Henderson-Brookes report) about how poor military leadership and not equipment shortages was the primary cause for the defeat in 1962. This story seemed to push back on the notion that politicians were to blame for the defeat. [Within a week Daily Mail scored another scoop](#) and quoted unspecified top secret documents to claim that Lt Gen SPP Thorat had prepared war plans that were ignored by the political class. The narrative once again swung to the other side—it was all the politicians fault!

These leaks and stories that emerge from them are indicative of wider, more consequential problems. Despite whatever self-images they have defence journalists are usually not “Mission Impossible” types who break into top

secret facilities to steal information. Instead they are fed selective information by bureaucrats, both civilian and military, with personal or institutional agendas. Reporters thereby are spun by being granted, or denied, privileged access. While reporters are only staying true to their creed—trading access for stories, one must question the structural inability that prevents India from analysing and learning from its past. This will happen once the country moves beyond simplistic narratives of

victims or villains. India should now have the self-confidence to admit that there were significant failings in their political, bureaucratic and military leaders. Instead of media leaks it is time to allow scholars access to documents that would enable them to analyse, debate and thereby learn from our past. This would thereby help inform the current generation. Not doing so indicates an intellectual dishonesty which is perhaps one of the most tragic legacies of the 1962 debacle.

M RAJAGOPALAN

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From power-surplus to power-starved

The problems with power generation in Tamil Nadu and the application of mediocre remedies.

Andy Herd



A power-surplus state just a decade back, Tamil Nadu has steadily slipped to an ignominious position where 14-16 hour power cuts have been imposed on consumers in most districts.

Consumption of diesel for operating gensets has doubled in the last two years, increasing the power bill for the user and the subsidy burden on the government. Industries have been shut down, workers have been laid off and students have been forced to read in candlelight.

It will be instructive to reflect on how this precipitous decline came about as it

holds important lessons for other states as well.

Tamil Nadu is not a state that is blessed with energy resources. Barring a lignite mine at Neyveli, there is no other significant source to feed a baseload power plant (that is capable of all-year, 24 hour generation). Large thermal plants that are located around Chennai, Mettur, Tuticorin need to source coal from distant coalfields. Due to a choked railway corridor between Chennai and Vijayawada, they have to transport it by ships from Paradeep port to Chennai.

This is a major logistical exercise and seriously constrains the supplies of coal.

From 2002, when the state GDP was growing at a rate of 8 percent, the economy needed to be fuelled by a corresponding increase in power generation. This warranted an addition of 600-800 MW of base-load power every year till 2008 and 800-1000 MW every year from 2009 onwards. With the average gestation period for a thermal plant being 4-5 years, a committed adherence to a rolling plan was necessary. Unfortunately, this never happened. In the period 2006-2012, there was a total addition of only 350 MW, while demand kept growing at a brisk pace. The shortfall has steadily increased and is estimated to be 4500 MW at present. The wide gap should have attracted private investors but they were reluctant to step in as TNEB's financial position, without timely tariff revisions, was quite precarious and its net worth considerably eroded.

Projects with aggregate capacity of 4000 MW are under various stages of implementation and all of them have been delayed by many years for various reasons. Instead of investing "management resources" to get these projects back on track and inject the much-needed baseload MW into the grid in due course, some short cuts were found to show an addition in MW. One such move was to offer generous incentives to private promoters to develop wind power projects. While this ensured quick addition to the MW base for which the government could claim credit, it hardly helped in the load management. Power supply from wind turbines is unreliable, seasonal and unschedulable. Located in multiple sites, evacuation poses a big problem, as

transmission lines are often not in place. These factors make the task of the grid manager more difficult and add to the burden of existing baseload plants during off-season, which is most of the year.

Today, Tamil Nadu takes pride in claiming that it has the largest installed capacity of wind turbines (over 7000 MW), but the large, "feel-good" MW base has limited use in addressing Tamil Nadu's power shortage.

Apart from fast-tracking the planned coal power plants, Tamil Nadu ought to have evolved a policy to set up gas-based projects in the state.

Having milked the cow of wind energy dry, attention has now been diverted to solar power. The Chief Minister has articulated a vision of adding 3000 MW of solar energy in the state within 3 years (not coincidentally, before her term gets over and next state elections are held). The entire state machinery has been cranked up to promote solar projects and meet the CM's stated target. While more predictable than wind energy, solar energy is still restricted to the daytime. Again, as in the case of wind energy, this will provide the illusion of high MW, without the comfort of schedulable baseload power.

With solar and wind projects carrying the aura of green and renewable energy, they can be pushed without much

resistance or reasoning. Examples will be cited of Denmark and Germany that have a high mix of wind and solar energy, without pausing to note that these countries had met their baseload needs adequately with gas-based and nuclear plants before they turned actively to renewable energy. India does not have this luxury yet. Many states have not met their baseload needs.

Apart from fast-tracking the planned coal power plants, Tamil Nadu ought to have evolved a policy to set up gas-based projects in the state. Gas is the only other alternative to coal (not counting nuclear) when it comes to baseload power. As a coastal state, Tamil Nadu should have pushed the Central agencies to speed up the LNG terminals at Ennore and Tuticorin and also the pipe network to distribute the gas. If this had been started in right earnest 5 years back and completed by now, it would have helped in quickly setting up large number of smaller (50-100 MW) power plants close to load-centres for baseload as well as peaking requirements. Power from gas-based plants is more expensive than from coal-based plants, but it provides consumers an alternative to power cuts that require use of diesel sets

that cost Rs 18/kWh. It is worth noting that 80 percent of Singapore's electricity needs is met by gas-based power (with gas sourced from Malaysia and Indonesia and piped). It is also poised to commission a large LNG terminal in the first quarter of this year, to reduce the dependence on piped gas.

It has been said that Chinese planners manage to come up with long-term infrastructure projects because they are not constrained by the 5 year time span that weighs heavily on the minds of democratically elected ministers. In the last five state elections in Tamil Nadu, no incumbent party in power has been re-elected. Not surprisingly, successive governments have looked only at populist schemes that had the highest probability of gaining votes at the end of the term. Projects that would have added to baseload capacity were allowed to languish when it was apparent that their commissioning dates would fall beyond the five year horizon. Good bureaucrats are supposed to ensure continuity of schemes regardless of which party is elected. Sadly, that class of empowered officers doesn't exist any more.

MEHMAL SAFRAZ

Mehmal Sarfraz is a Lahore-based journalist.

Democracy fights back in Pakistan

The political class in Pakistan overcomes the challenge posed by Tahir-ul-Qadri and his backers.



Omer Wazir

This week, Pakistan was on the verge of losing its hard-won, albeit weak, democracy. A series of events unfolded from January 15-17 at such a hectic pace that it was hard to keep up. “What next?” was a question being asked by all and sundry. Everyone was on the edge. Finally, the democrats in Pakistan are celebrating. They have won, at least for the time being. What the future has in store for them is anybody’s guess but at

the moment it looks like their efforts have finally paid off. Now the powerful military establishment will have to go back to the drawing board to come up with another plan to derail democracy. The independent but highly biased judiciary has a few tricks up its sleeve but whether or not it can help the military establishment weaken democracy remains to be seen.

Dr Tahir-ul-Qadri, a dual national cleric, is the founding leader of Minhaj-ul-Quran International (MQI) and chairman of Pakistan Awami Tehreek (PAT). Despite his brief stint in Pakistani politics, he is more famous as a religious leader than as a political leader. From General Zia-ul-Haq to General Pervez Musharraf, Dr Qadri has had good relations with the military establishment. When Qadri made a dramatic entry back in Pakistan last month, many analysts who had been hinting at the military establishment's plan of installing a Bangladesh Model in the country were able to put two and two together. Dr Qadri challenged the political system just months before the general elections while addressing a mammoth rally in Lahore on December 23; some say it was even larger than Pakistan Tehreek-e-Insaf chief Imran Khan's grand rally in October 2011. Despite a huge gathering in Lahore, Qadri's long march in Islamabad could attract only thousands of people instead of the four million he had claimed would gather in the capital. Sitting on a special chair inside a bullet-proof container, Qadri gave one ultimatum after another to the government for the next few days. Contrary to the constitutional provisions, Qadri wanted the military and the judiciary to be on board in the formation of a caretaker setup. On January 15, the Supreme Court of Pakistan issued orders for the arrest of Prime Minister Raja Pervaiz Ashraf in the rental power corruption case. The timing of this decision looked suspect as it happened merely hours after Qadri and his followers had stormed the capital. "Mubarak ho, Mubarak ho," Qadri shouted out to his followers after he heard about the court's orders. It looked as if a lot of

conspiracy theories were about to become a reality.

This is nothing short of a victory and a huge morale booster for Pakistan's nascent democracy.

Fortunately, the political class saw what was cooking and decided to act in the interest of Pakistan's democratic future. The next day, opposition leaders of various political parties had a meeting with Pakistan Muslim League-Nawaz (PML-N) chief Mian Nawaz Sharif in Lahore. The Pakistan People's Party (PPP) and its coalition partners also stood together to save the system. Two press conferences changed the entire mood. The first one by Federal Minister for Information and Broadcasting Qamar Zaman Kaira clearly demonstrated the government's mood: relaxed and confident. Apart from mocking Dr Qadri's unconstitutional demands, Mr Kaira made it quite clear that elections would be held on time and nobody would be allowed to disrupt the system. The second press conference was held by Mian Nawaz Sharif alongside other opposition leaders (with the exception of an important player, Imran Khan). Mian sahib was vocal about his resolve to fight all undemocratic forces. It was an unofficial but highly important vote of confidence in the democratic system. The message was clear: the political class would not allow elections to be delayed. It must be noted that PTI chief Imran Khan had been contemplating whether or not to

join Qadri's long march. He kept saying he supported many of Qadri's demands but it seems that better sense finally prevailed and he decided not to be part of Qadri's charade. Kaira and Sharif's press conferences took the steam out of Qadri's hot air balloon. Now all he needed was a face-saving exit.

On January 17, Qadri signed [an agreement](#) with the government, ending his long march. The irony of signing an agreement with the same prime minister who he longed to see behind bars is not lost on anyone. Qadri and his backers (the military-judiciary nexus) were craftily outmanoeuvred by the political class. This is nothing short of a victory and a huge morale booster for Pakistan's nascent democracy. Given our military's track record, had it been in a position to mount a direct coup, it would have done so. Mercifully, those days are over. This is not say that the military establishment will not try to destabilise the democratic system. Elections are all set to be held in May this year. It cannot be said with certainty who will come to power but the military fears a comeback of Mian Nawaz Sharif in the Prime Minister's House after the next general elections.

Mian sahib has been unequivocally vocal about civil-military imbalance in the country. Not only does he want the military to be subservient to the civilians, but he is also committed to long-lasting peace with India. These two demands make the Pakistani military establishment nervous.

Let me end by sharing a personal anecdote that might summarise the emotional upheaval caused by the events during the last few days for the supporters of democracy. On January 15, I went to a friend's place in the evening. The moment we saw each other, we hugged each other tightly and started to cry. We felt helpless and demoralised by the day's events. Following Kaira and Nawaz Sharif's press conferences on January 16, I got a call from the same friend. "Mehmal, WE WON... democracy WON!" she screamed in joy on the phone. "I am coming over. Let's celebrate," I shouted back. We danced and we hooted when we met. On January 17, we sat together in deep contentment, watching Qadri beat a hasty "face-saving" retreat. It was one of the most satisfying moments of our lives.

ABBAS DAIYAR

Abbas Daiyar is an Afghan analyst, researcher and regular op-ed writer for Daily Outlook Afghanistan.

Whither to? America in AfPak

Afghanistan and the United States should not put all their eggs in Rawalpindi's basket of peace-talks.

Peretz Partensky



2012 was a year of success on the battlefield for the US/ NATO International Security Assistance Force (ISAF) and Afghanistan National Security Forces (ANSF), with significant militant retreat. There was decrease in Taliban activities in the hotbed of insurgency in the south — Helmand, Zabul and Kandahar provinces. We saw calm in the region as a result of the surge of the US troops.

ISAF casualties fell by 38 percent in 2012 compared to 2011, with ANSF taking

control in many provinces during the transition process covering almost 75 percent of the Afghan population now. Resultantly, there was a hike in casualties of Afghan forces. There was some genuine anti-Taliban local resistance while others were propped up by the Afghan intelligence. It did force Taliban out of some districts. Facing significant defeat on battleground, Taliban increasingly focused on change of tactic by infiltrating the ANSF to attack NATO troops and causing a crisis

of trust between them, which eventually led to suspension of some training programs.

However, the Obama Administration's AfPak policy has been a total failure on the political front. Washington failed to pressurise or persuade Pakistan in playing the role of an ally in the war on terror. Actually it has not been a war, but a counterinsurgency mission in Afghanistan. Osama bin Laden was killed in Pakistan. The remaining Al Qaeda leadership cadre is probably hiding in FATA and other tribal areas. Haqqani Network based in North Waziristan launches major attacks on US troops in Afghanistan periodically. Taliban's jihadi recruitment and logistic supply come from the safe havens in Quetta and other bordering towns. The central leadership of all major insurgent factions is based in Pakistan, be it the Quetta Shura, the Haqqani Network in Waziristan, or the Hizb-e-Islami of Hekmatyar. Though Osama bin Laden has been eliminated, but Al-Qaeda-allied groups like Tehreek-Taliban-Pakistan and Lashkar-e-Jhangvi foster anti-Americanism and jihad in South Asia more than ever.

Pakistani military establishment continues to play the good and bad Taliban of strategic depth, and refuses to launch operation in North Waziristan, or stop harbouring insurgent leaders. All this while, billions of dollars in the US military aid continues flowing to Rawalpindi.

About 85 percent of attacks on ANSF in 2012 were caused by roadside bombs and Improvised Explosive Devices (IEDs) that come from Pakistan. Similarly, according to US officials, 70 percent of roadside bombs against ISAF used Pakistan made fertiliser. In

February, testifying before the Senate Arms Committee, US Defence Secretary Leon Panetta said IEDs was the major reason for American military casualties. He said, "We have made very clear to them (Pakistan) that, where these threats emanate from, we have identified locations. We've directed them to specific sites. We have urged them to take steps." But even by the end of the year, in December, Director of the US Department of Defense Joint Improvised Explosive Device Defeat Organization (JIEDDO) Lieutenant General Barbero lamented that there has been less progress and Pakistan needs to do more on IEDs.

The Afghan Government and the US should not put all their eggs in Rawalpindi's basket of peace-talks facilitation.

The last quarter of the year marked some apparent progress in the efforts of talks with the Taliban. Some call it a shift in Pakistani security establishment's policy to facilitate talks between the Afghan Government and insurgents by releasing some imprisoned Taliban leaders. The move reflects complexity of the quagmire of militancy that Pakistan had created for others and now finds itself trapped in. After the bulk of US and NATO troops withdraw from Afghanistan, Rawalpindi knows it cannot continue playing double game with Washington.

The Roadmap to 2015, an outline of the negotiation process by the Afghan Peace Council seems to accommodate most of what Pakistan has called for in the past. But the question is: will Taliban succumb to a peace plan on terms of Kabul and Rawalpindi? There are reports of rifts among the top leadership of Taliban. After Mullah Omar's second-in-command, Baradar was arrested by ISI for meeting Afghan and American officials, there has been rivalry for his replacement, particularly between Abdul Qayoom Zakir and Akhtar Muhammad Mansoor. Reportedly, Taliban envoy for their Qatar office, Tayed Agha has also resigned and replaced by Maulvi Shahabuddin Dilawar, who recently attended the intra-Afghan meeting in Chantilly, France. The internal fight among top leaders and difference on talks could split the Taliban in 2013. In contrary to the buzz about the release of many Taliban leaders, Pakistan has refused to release Mullah Ghani Baradar.

The Afghan Government and the US should not put all their eggs in Rawalpindi's basket of peace-talks facilitation. It would be an ideological suicide for the Taliban to agree on terms of settlement with presence of US troops after 2014, which all of them are not going to commit. Even if a major split does happen with an eventual political settlement, there will still be groups through whom Rawalpindi can keep its leverage to interfere in Afghanistan's internal affairs and the "strategic depth" of their military-jihadi complex. Unless Pakistan stops harbouring Quetta Shura and Haqqani Network and launches a decisive war not only against TTP and

other Al-Qaeda affiliated groups in allied terrorists groups such as LeJ and LeT, the current overtures will backfire.

The Obama Administration is unwilling to keep the number of US troops proposed by US military commanders in Afghanistan post-2014. According to reports, the number will be reduced to 6000. If true, this will certainly be good news for Taliban and Rawalpindi to look forward to in 2013.

The US and NATO military expenses will drop by billions in Afghanistan after 2014. If the current negotiation efforts fail to produce a breakthrough, Washington needs to change its counterinsurgency mission in Afghanistan and focus on the roots of terrorism. The US and NATO military expenses will drop by billions in Afghanistan after 2014. Given the fact that most of the IEDs, other weapon supply and Taliban recruitments come from across the Durand Line, they could task a special border force from the Afghan National Army to stop infiltration and supplies from Pakistan.

Washington needs to keep at least 15000 to 20000 troops post-2014 for effective counterterrorism. What the Obama Administration could not achieve from Rawalpindi through a carrot-and-stick policy during the last decade, how it can do so with further appeasement just before the withdrawal is beyond understanding. It's time they get tough with a so-called ally who has acted more as an enemy in the war on terror — to ensure a responsible end-game in Afghanistan with long-term stability, and an end to Pakistan's four-decades of interference

ARUNA URS

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Rescue the farmer from agriculture

The current model of agriculture is unsustainable and grievous for the Indian farmer.



ITA

How important is Agriculture to the Indian economy? Not much if one measures by the contribution of the to gross domestic product, which has steadily been decreasing. After two decades of pursuing new economic policies, the contribution from agriculture and its allied sectors has fallen from one-third in 1990 to less than 15 percent of gross domestic product (GDP) in 2011-12. The downward momentum is set to continue, the farm sector is in near stagnation while the other sectors of the economy are set to grow larger.

The worrying fact, however, is that the agricultural sector continues to employ more than half of the working population. The 66th National Sample Survey reveals that agriculture still employs about 52 percent of our total workforce. Therein lies the rub. About 52 percent of the working population is employed in a sector that represents just one-seventh of our economy and it is struggling to break the three percent growth ceiling. Any meaningful effort to put India's growth rate into a higher trajectory should look at ways to increase the growth rate of the farm sector. The way for India to become a

middle-income country runs through its farms.

According to the State of Indian Agriculture 2011-12 report, the average size of farm holdings was 1.23 hectares in 2005-06. It has diminished progressively from 2.28 hectares in 1970-71 to 1.55 hectares in 1990-91. About 83 percent of farm holdings were with the small and marginal farmers (area less than 2 hectares), with marginal farmers (area less than 1 hectare) making the bulk of it – 64.8 percent.

The relationship between the size of the landholding and productivity has been debated since the 1960s in India. Some studies have found an inverse relationship between farm size and productivity while other researchers have found evidences to the contrary. The debate is now more of academic interest than of any policy implications as marginal farmers, however productive, cannot generate sustainable income.

Researchers at the National Centre for Agricultural Economics and Policy Research have pointed out that at least 0.8 hectares of land holding is needed for a farming family to stay above the poverty line. According to their report, about 62 percent of our farmers have holdings below 0.8 hectares (2 acres).

Agriculture is a risky business as its outcome depends on variables that are beyond a farmer's control. The Mahatma Gandhi National Rural Employment Guarantee Scheme is a good example of one such. For much of rural India, the scheme has increased the wages of farm labour, as workers preferred digging and refilling holes rather than tilling the land in the hot sun. The point that even

marginal farmers engage labour during sowing or harvesting got lost in details.

Low farm income and increasing livelihood expenditures have perpetually kept the marginal farmer in a debt trap. The numerous subsidies and periodical loan-waiver have only helped to keep the small and marginal farmers in ventilators. The only way to move them out of ventilator is by deploying them in other vocations. Farmers and farming are so romanticised and politicised in our country that it becomes quite difficult for anyone, especially the policy makers, to accept that there are just too many unviable farmers amongst us.

Empirical studies show that income insecurity issues tend to force small and marginal farmers to use far more resources than large farmers. The evidence of such overuse is already quite visible. In almost all parts of the country, the ground water has reached near depletion, the nitrogen, phosphorus and potassium (N-P-K) imbalances have worsened and rising salinity also indicate that drastic measures are required to improve soil health. A marginal farmer has no option but to go the hazardous extra mile. Blame lies with the paternalistic government that has kept a small farmer chained to his farm.

There is now growing consensus among policy researchers that only a significant boost in non-farm income can save these small and marginal farmers. However the consensus ends there. There is no consensus on how these millions of people find alternative non-farm incomes, that too in rural areas. Given our dispersed rural geography, it would be quite difficult for anyone to find a sustainable part-time income without

actually being closer to an urban center. The buzzword in recent literature hopes that “agro-based rural industries” will create the income for these millions. While FDI in retail will create an efficient supply chain and bring a marginal increase in income along with jobs, it is hardly enough to bring millions above the poverty line.

Farmers and farming are so romanticised and politicised in our country that it becomes quite difficult for anyone, especially the policy makers, to accept that there are just too many unviable farmers amongst us.

Since the 1990s, the focus in agriculture has shifted from research to subsidies. The government should cut back on the subsidies and directly invest in the agricultural sector. A good start for

investment is to look into financing of land acquisitions by willing farmers to help create medium holdings. Additional medium holdings will translate into meaningful returns to scale and more importantly be less resource intensive. While home mortgages are relatively easy to get, no financial institution is willing to lend money for agricultural land acquisition by farmers. Moreover, even with massive subsidies, mechanisation is not viable with smallholdings and the government needs to focus on creating a large-scale manufacturing sector to absorb re-skilled farmers and end their hardship as a subsistence farmer. Farming, apart from quarrying, is probably the toughest profession to be in with regards to manual labour. An all-weather hardened farmer will be an excellent asset to any manufacturer.

By design or by default, as the difference between urban and rural incomes widen, the invisible hand will eventually re-allocate human capital away from this sector. Political largesse might delay the eventuality but it might also result in large tracts of land becoming unarable. But can we afford the delay?

NITIN PAI

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The cost of Cauvery

A new approach to solving the river water sharing problem.

Ram Reddy



The dispute over the sharing of the waters of the Cauvery river has been a Damocles' sword threatening inter-state relations in South India. Despite the setting up of a river authority and tribunals, there remains an underlying tension that erupts into violence as it did in 1991 and 2002. While Kerala and Pondicherry are among the users, Karnataka and Tamil Nadu are the most acutely affected, with the former being the upper riparian and the latter as the largest user, lying downstream.

In both these states, the agricultural communities that depend on the river for their livelihoods constitute powerful interest groups influencing both electoral and street politics.

While the Cauvery Water Disputes Tribunal (CWDT) set the norm for water sharing through its award in 2007, after 16 years of deliberations, there remains a palpable lack of consensus among the river users. The lingering dissatisfaction with the water sharing mechanism worsens whenever there are poor monsoons and fears of drought.

The second half of 2012 witnessed agitation by farmers and litigation in the Supreme Court by their governments even as the water levels in the reservoirs has declined. There is a risk that the tensions over water sharing between Karnataka and Tamil Nadu will erupt, once again, into violence this year.

Worse the generally poor stewardship of groundwater resources at every level

suggest that the situation will deteriorate in the future. To protect the stability and growth of among India's dynamic and prosperous regions, it is incumbent that sustainable water sharing mechanism is put in place. The solution must also transform the issue from an highly charged emotional matter to an important but quotidian one.

The heart of the Cauvery water sharing problem is that the utilisation of a natural resource is taking place without any reference to its economic costs. This leads to the waters being used inefficiently and wastefully. From farmers who grow water-intensive crops in unsuitable lands to households in Bangalore and other cities that use grossly underpriced water for washing their cars, the presumption that water is almost free of cost causes demand to be insatiable. It is not just people in Karnataka and Tamil Nadu who enjoy the Cauvery 'subsidy' — to the extent that the price of the agricultural produce grown in its basin does not include the cost of water, the indirect beneficiaries include consumers across India.

Unless there is a 'price' attached to drawing water from the river, it will be impossible to arrive at a solution to the dispute. The CWDT award in itself is insufficient as a basis for addressing water sharing — it offers a static solution to a dynamic problem. It assigns fixed quotas for states, but both the river flow and patterns of usage change over time. Furthermore, the CWDT award does not create any incentives for efficient, sustainable and fair use.

It is time for the Cauvery River Authority (CRA), which is chaired by the prime minister and has chief ministers of the four states as members,

to consider setting up a Cauvery River Livelihood Protection System that incorporates a pricing mechanism and a market for water to protect the livelihoods of farmers and the interests of other water users.

Such a system would involve states being assigned basic quotas of water and be required to purchase additional water from a river resource fund set up for the purpose. Payments by state governments to the river resources fund during the good times are akin to insurance premiums.

The basic quotas would be tradeable, allowing states to exchange water for money. This will allow states the flexibility to expand their agriculture or acquire additional fiscal resources to reform their agriculture sectors.

During droughts and bad monsoons, states will be compensated for the water deficits below their basic quotas, effectively acting as the insurance payout.

States would be able to purchase water above their basic quotas through an auction. Each state would form a bidding committee, chaired by the water resources minister and comprising of the members of the legislative assembly from the concerned constituencies. The states will thus be able to put an objective measure on how much they are willing to pay for the water they demand.

When states choose to receive compensation, the funds would flow into the state's treasury allowing the state government to use the additional budgetary resources in accordance with its priorities. They could use it to compensate farmers directly, invest in water resource management projects or

indeed, transition their rural areas to be less dependent on agriculture. Leaving it to the states to decide how they should spend their income is in accordance with federal and democratic principles.

The heart of the Cauvery water sharing problem is that the utilisation of a natural resource is taking place without any reference to its economic costs.

The proper institution of the river resources fund is a crucial element in this scheme. It must be adequately capitalised, professionally managed and act as an independent steward of the river resources. The Union and the four state governments could jointly hold the equity, with New Delhi being the largest shareholder. The fund could be

underwritten by the Union government and international development agencies like the World Bank. It would be ideal if the the fund be allowed to adopt an investment strategy that would hedge against the risks to the river economy.

This essay intentionally avoids numbers so as not to cloud the idea with contentious details at this stage.

This month, the Tamil Nadu government moved the Supreme Court seeking compensation from Karnataka for not releasing water that the lower riparian was entitled to. In doing so, it has implicitly recognised the principle that there is an economic cost attached to the water from Cauvery river. Instead of loading the already overloaded judiciary with claims and counter-claims, and loading our overloaded societies with more rancour, it is far better to institutionalise a system where states can participate in a market for water, creating incentives for sustainable use of a precious resource and securing the livelihoods of the communities that currently depend on it.

M R MADHAVAN

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Examine the Anti-Defection law

The Anti-Defection Law has not deterred defections. It has had undesirable outcomes.

The Supreme Court in a recent decision has strengthened the provisions of the Anti-Defection Law. It said that any person (and not necessarily only a member of the relevant legislative House) may raise the issue of potential disqualification of an MP or MLA on the grounds of defection. This case arose after all four members of the Nationalist Congress Party in Orissa defected to the Biju Janata Dal, and the State President of the NCP (who was not an MLA) asked the Speaker of the Legislative Assembly to disqualify the members. Whereas this particular case represents a clear defection from a party to another, the Tenth Schedule of the Constitution (also known as the Anti-Defection Law) permits disqualification in several other situations. It may be appropriate to revisit the issues related to this particular feature of the Constitution.

The Anti-Defection Law was brought in as a Constitutional Amendment in 1985 in response to public anger against defections. Indeed the statement of objects and reasons for bringing in the

amendment stated that the evil of political defection had become a matter of national concern and if it was not checked, it could very well undermine the very foundation of our democracy and the principles which sustain the same. However, the law was not restricted to defections from the party, but required that an MP or MLA had to obey the party whip on all occasions.

There is an argument made in favour of this law which says that most MPs and MLAs win elections on the basis of their party affiliations, and therefore, should be bound to act as per the party directives. However, there is a flaw in this argument. In the Indian system, legislators are elected to single member constituencies by citizens resident in that geographical area. Therefore, voters are determining their choice on a combination of the individual candidate and the political party being represented. This system differs from the list system, in which voters select only their party preference, and the

party determines which individuals will represent it in the legislature.

The Indian system builds a one-to-one link between the electorate and the representative. The legislator is expected to act in a way that represents the interests of the constituency, the broader national interest (as seen by the legislator), and the interests of the party. There can be instances when these different objectives are not in consonance with each other. In theory, in such cases, the broader national interest is expected to trump the other factors.

The Anti-Defection Law in India turns this concept on its head. Any legislator who does not act in accordance with the party whip on any issue may be disqualified from the membership of the legislature. This implies that the decision of the party leadership will override all other considerations. Any MP or MLA who is willing to take a stance against the party's direction risks losing their membership to the legislature. Few legislators would do this.

A recent incident illustrates this point. During the discussion on FDI in retail last month, the government's negotiators were trying to convince only the leaders of the other parties, and not all the MPs. Every MP voted on party lines. It is difficult to believe that there was uniformity of views within large parties; that every Congress MP was in favour of permitting FDI in multi-brand retail, and that every BJP MP was against it. Indeed, the Kerala Chief Minister (from the Congress party) is reported to have stated on the floor of the state Legislative Assembly that Congress MPs from Kerala were opposed to this policy but voted for it only due to the party

whip. If this statement were true, it implies that those MPs did not vote according to their conscience, but preferred to follow the party's diktat.

This implies that the decision of the party leadership will override all other considerations. Any MP or MLA who is willing to take a stance against the party's direction risks losing their membership to the legislature.

The ironic part is that the Anti-Defection Law has been ineffective in preventing defection in several instances. The most recent example at the centre was the confidence motion in 2008, when several MPs did not vote on party lines, and 10 MPs were disqualified. There have also been cases when MLAs whose defection has led to the fall of a government have been made ministers by the next government.

Also, the nature of politics has also changed in a significant manner since the passage of the Anti-Defection Law in 1985. The Rajiv Gandhi administration that enacted this amendment was also the last government with a single party having a clear majority in the Lok Sabha. Since 1996, all governments have been coalitions of several parties, and the Anti-Defection Law does not have any provision against a coalition

member party withdrawing support. The current situation, in which the UPA government has been reduced to a minority after the Trinamool Congress and some smaller parties walked out of the coalition, and is dependent on outside support of parties such as the SP and the BSP illustrates this point.

There have been some proposals to amend this law. The Dinesh Goswami Committee on Electoral Reforms (1990) recommended that this law be restricted to confidence and no-confidence motions. The Law Commission, in its 170th report (1999), recommended that political parties should issue whips only when the government's continuance was being tested. Three years ago, Mr Manish Tewari had introduced a Private Member's Bill in which he had proposed

that the Anti-Defection Law be restricted to cases where the government's stability was under question: confidence votes and money bills. These formulations would deter destabilisation of governments due to defections while protecting the right of legislators to vote according to their individual conscience.

It is evident that the Anti-Defection Law has had some undesirable outcomes. It has not been effective in deterring defections, when the defector expects to be rewarded by the new government. At the same time, it has deterred MPs from expressing their beliefs and voting their conscience when they differ from the party line. Perhaps, it is time to examine the experience of a quarter century, and have a public debate on this law.

AMOL AGARWAL

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PARETO

Understanding financial crisis via Card Games... Bridge players vs Poker players

LEONARDO BECCHETTI, MAURIZIO FIASCHETTI and GIANCARLO MARINI from University of Rome connect the financial crisis with card games.

In card games, bridge players are seen as more team-believing and altruistic. On the other hand poker players are seen as individualistic and selfish. Akerlof and Shiller in their famed book "Animal Spirits" suggested that there are more poker players these days which has led to the current bad practices in financial markets.

The authors evaluate this hypothesis of bridge/ poker players being more trustworthy/selfish via a game. They find the hypothesis to be true and indeed bridge players are more trustworthy. Hence Bridge is indeed a more cooperative game. Though, the findings are not as straightforward. Bridge players do not give more because of altruism, inequity aversion etc. They simply give more as they believe their anonymous counterpart will behave as a teammate and not as a rival. World's two richest men Bill Gates and

Warren Buffet are famous for playing Bridge together. They even advocate that education system should promote bridge amidst students. The paper supports these findings as well.

Comparing Greece in Gold Standard to Greece in Eurozone

HARRIS DELLAS and GEORGE TAVLAS compare Greece's performance under both Gold Standard (GS) and Eurozone (EZ). Under Gold standard (GS) the currency was simply fixed to the value of gold. Under Eurozone the member economies give up their own currency and accept Euro as their single currency. So, in both there is a case of fixed exchange rates except that Eurozone is one step forward.

The authors point that there was an adjustment mechanism in Gold Standard which was missing in Eurozone. Hence, Greece which had perennial debt problems was forced to abandon Gold Standard but could continue in Eurozone. This eventually led to a problem for both Greece and other Eurozone members.

The paper also acts as a nice primer on functioning gold standard. Even under gold standard, there were core and periphery members with former having stronger financial markets and latter

weaker. Moreover, countries in core and peripheral club in GS were nearly similar to the core and periphery members in EZ. Core countries include France, Germany and UK with Belgium and Netherlands also sometimes considered as core members. The periphery included countries from Europe (e.g. Austria Hungary, Greece, Italy, Spain, Portugal etc.), North America (Canada and United States) and Latin America (e.g. Argentina, Brazil, Mexico) and Asia (Australia, New Zealand). History mostly has some interesting parallels to current issues.

Linking rising inequality to declining vocabulary.

Inequality has become a central issue in developed economies. Economists have cited factors such as global, technological, and sociopolitical for this rise in inequality.

E. D. HIRSCH, Jr of University of Virginia points to another interesting linkage. He says inequality is high because of low vocabulary amidst students. Low vocabulary leads to poor SAT scores which then lead to worse outcomes in college selection and education. He says there is a positive correlation between a student's vocabulary size in grade 12, the likelihood that she will graduate from college, and finally her future level of income. Vocabulary size is a convenient proxy for a whole range of educational attainments and abilities—not just skill in reading, writing, listening, and speaking but also general knowledge of science, history, and the arts.

He points how vocabulary standards in US dipped over the last decades as concept of education has been flawed. It is based on beliefs that factual

knowledge is unimportant and focuses on learning from books. As SAT scores fell, experts suggested that this is perhaps because percentage of low-income students taking the SAT has increased. However, it was soon found that this was because of decline in educational productivity and vocabulary.

There are suggestions on how to improve vocabulary by helping students understand the various ways in which a word can be used. So, if we want to reduce economic inequality in America, a good place to start is the language-arts classroom.

Economics of funeral homes and cemeteries.

DAVID HARRINGTON and JARET TREBER of Kenyon College bring economic perspective to goods and services around death. There are two kinds of post-death services - funeral homes and cemeteries. Now some US states allow these two to be merged (calling them combos) and both services being offered under one roof. Some States have banned such combos. The paper argues that states should lift bans on such combos as they provide more valuable and cheaper services:

The paper points that these so called combos were offered in the 19th century as well. Most funeral homes also ran as furniture shops. Number of people were lesser and there were less number of deaths and additional services were needed to make the entire business viable. Hence along with offering funeral services, the shop was busy making both cabinets and coffins as well.

However, as cities grew and populations rose, funeral homes became more

specialised. At the same time, commercial cemeteries became much more prevalent, both because many church and town cemeteries filled up and because consumers were willing to pay for graves and markers in newly created memorial and garden cemeteries. The funeral industry professionals commonly use the term “combination firms or combos” to refer to the joint operation and/or ownership of cemeteries and funeral establishments.

The authors point that these combos offer both economies of scale and scope and make better sense. They do a cost benefit analysis and show there will be gains for the economy (as in lower costs) and more choices as well.

First Globalisation Debate: Robinson Crusoe vs “Gulliver Travels”

CRAUFURD GOODWIN of Duke University shows how these landmark children books - “Robinson Crusoe” and “Gulliver Travels” – have lessons on economic wisdom as well. Though, economists have for a long time quotes [“Robinson Crusoe” to state the importance of trade](#) fair. However, this

paper adds “Gulliver Travels” to the debate and interestingly latter does not favor trade.

“Robinson Crusoe” was written by Daniel Defoe in 1719 and “Gulliver’s Travels” by Jonathan Swift in 1721. The first was widely perceived as an entertaining adventure story, the latter as a pioneering work of science fiction. When viewed from the perspective of the modern economist, however, Crusoe demonstrated the gains from international trade and colonisation and even the attendant social and political benefits. He explores the instinct to trade overseas, stages of growth, and the need for careful cost-benefit calculations. By contrast Swift warned of the complex entanglements that would arise from globalisation, especially with foreign leaders who operated from theory and models rather than common sense. He makes a case for economic autarky.

Apart from economic lessons the author points the importance of using fiction to explain key economic concepts. This device has disappeared from economic discipline and wonders whether this is to be applauded or regretted?

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